"PATRIMONY" - A CONTROVERSIAL MATTER OF ROMANIA'S PROGRAM OF ACCOUNTANCY MATCHING

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The dilemma has its origins in accountancy's international matching, namely between the accountancy system implemented in our country beginning with 1994 and the one implemented by Anglo-Saxon accountancy where patrimony is substituted by its two components: PROPERTY for ASSETS and CAPITAL for LIABILITIES, patrimony being defined owing to financial condition. Property represents the measurable reality of the goods and available values. When compared with the proprietor, property makes up patrimony in case, from a juridical point of view, there is a real guarantee upon the manner of financial covering (obtaining sources, procuring manner), namely a legal manner of justifying the origin of available values.

Key words: patrimony, assets, liabilities, accountancy.

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1.Introduction

Labor division and the need to manage society's resources have determined the appearance of patrimony as an economic and juridical entity. The necessity of measuring the material and human elements as well as the rights and obligations they determine while carrying out an economic activity in order to reach the envisaged objective has always existed; during the time it has been variously implemented. Strictly connected with the "technical" means of registering the data provided by the various stages of society's development, the need of evidence has permanently witnessed a complex growth and manifested according to different results: beginning with the clay boards or papyrus, thousands of years ago, changing to the Middle Ages England's "stick receipt", the manner of registering "information" have known a permanent development, reaching the nowadays electronic storage. The registering theories, systems, and methods, strictly connected with the stages of social development as well as with the technical opportunities of collecting the data provided, have also witnessed a continual evolution. Money appearance has probably been the most important element of this evolution. The existence of patrimony is the cause of the existence of accountancy and, implicitly, the object of its representation and registering. Accountancy has appeared out of the need to answer the knowledge and management problems of patrimonial mass under rational and efficient circumstances.

Accountancy is a complex and integrated complex of standards, principles, rules, and measurement techniques that display the condition, at a certain moment, as well as the quantitative and value evolution of the changes that influence patrimony during a determined period of time. Accountancy is "grafted" on the State's patrimony and activities. As any other science, accountancy has its own object and method. Between its object and method there is a mutual connection. The object points the economic phenomena and processes that belong to a certain science; the method allows the comprehensive knowledge of the object. Specialized works have outlined several conceptions regarding the domain and definition of accountancy's

object, namely: the administrative conception, the juridical conception, and the economical conception.
According to the administrative conception, accountancy's object represents the value expression and control of administrative facts with a view to support the management in order to get maximum effects with a minimum effort.
According to the juridical conception, accountancy's object is the patrimony of a legal subject considered from the point of view of juridical relations, namely, through the money (material) rights and obligations of a natural or juridical person in correlation with their proper objects (goods, values).
According to the economic conception, accountancy's object is given by the circuit of the capital considered in relation with its destination (fixed capital and working capital) and with the manner of acquiring it (entity's own capital and foreign capital).
Accountancy considers that patrimony is structured according to patrimony elements; each element has a unique and compulsory appellation, a distinct economic content, a compulsory money expression, and even a specific figure symbol in order to avoid any confusion. This structure is evidently relevant when compared with the existence and individual movement of elements; accountancy is thus interested in determining the manner patrimony has increased or decreased as a whole and according to its affected patrimony elements. Another essential characteristic of accountancy is that the economic operations registered by economic entities are perceived through a double patrimony change, at least, as patrimony elements are established on the basis of the principle of double representation. Depending on the content of the economic operation, the specialist who works in the domain of accountancy should settle the patrimony elements that change as well as the manner they are affected, namely whether they increase or decrease.
Accordingly, patrimony, fund, domain are notions that clearly regard a group of goods. Nevertheless, we are interested in the notion of patrimony. Accountancy's object distinctly outlines the internal economic processes of each economic entity that determine quantitative and qualitative changes of the amount and structure of the funds administrated by each economic entity. Accountancy outlines such economic processes owing to the correlation between expenditures and incomes; their comparison determines the financial result (profit or loss). Considering the various opinions regarding accountancy's object, one may state that accountancy's object represents the value expression of evidence, calculus, and control of the condition and movement of the funds grafted upon a patrimony while pointing out the origin of their destination, economic processes, and financial results. The principles and procedures that belong to general accountancy are mainly the same in the various national accountancies. There might be implementation differences as they can be influenced by the accountancy standards specific to each country, by the characteristics of the various economic sectors, and by the accounting methods adopted by each economic entity. The defining feature of accountancy is patrimony representation according to its two aspects: economic means and economic sources.

2.Content

The outlining of the concept of patrimony as a support of economic activities has gradually determined the elaboration of an accounting system that should be able to face the more and more complex registering needs of the events that take place within such an activity as well as the need to register its existence at a certain moment; accordingly, the evolution determined the foundation of the present concept based upon double representation and double registering.
As a system previous to the present double registering accounting system, the simple accounting system, still used in certain domains, provides an isolated survey of patrimony elements; it does not target their double registering (according to origin and content). Yet, its application domain is quite similar: patrimony elements.

The connection between the accounting system and the notion of patrimony as a part of economic activity is clear. Whether one deals with simple accountancy or accountancy by double entry, the two accounting systems are determined by the concept of patrimony and target the providing of evidence in this domain. At its turn, the notion of patrimony derives from the manner economic activities are carried out.
There are, among others, two main characteristics of economic activities: their dynamic character and their rational character. The dynamics of economic activities determines certain dynamism to the notion of patrimony too; accordingly, patrimony undergoes certain changes determined by the constitutive complex processes of economic activities. At its turn, the rational character of economic activities gives a rational character to patrimony too; it will thus play a certain part according to its destination. The outlining of a patrimony, of no target propriety, is nonsense.
The patrimony of an economic entity represents all material and money values at its disposal as well as the rights and obligations that derive from the relations between the other economic entities that can either be natural persons or juridical ones with the State's budget, etc. as a whole.
In order that patrimony exists two interdependent elements are necessary: first, natural or juridical person as ***subjects*** of rights and obligations and then, economic goods as ***objects*** of rights and obligations.
The structure of patrimony accordingly defined by accountancy can be schematically outlined as follows:

Patrimony: Money estimated economic goods
Money estimated rights and obligations
Natural or juridical person

Economic goods represent patrimony's material content. They are identified with the means or resources employed by an economic entity in order to carry out its activities. Money estimated rights and obligations show the propriety relations within which economic goods are produced and administered. They become rights in case economic goods are ensured by their legal subject in its capacity as a proprietor; they become obligations in case economic goods are ensured by third persons in comparison with the legal subject.
All rights represent the assets while all obligations represent patrimony's liabilities. Liabilities and assets are strongly connected from an economic point of view.

PATRIMONY'S ASSETS = PATRIMONY'S LIABILITIES

The patrimony assets of a company, for example, include the following elements:

- Parts' contribution to the company's foundation which, at its turn, can include financial means, investment goods, industrial propriety rights (patents, licenses, etc.);
- Goods subsequently gained by the company as a result of its economic activity;
- The right to use the ground;
- The right of propriety upon the products manufactured by its own firms;
- The profit given by the activity carried out by the company (to the extent to which it is not distributed as dividends among associates);
- The company's debt securities.

The company's patrimony liabilities also includes several elements such as: the obligations assumed by the company towards its associates, the obligations contracted while carrying out economic and financial activities for other juridical or natural persons, the company's obligations towards its employees.
From a juridical point of view, patrimony should be distinct both from the patrimony of other juridical persons and from the patrimony of each of the natural persons that form the analyzed collective entity. A juridical person's patrimony should not only be distinct but also autonomous, independent from any other patrimony; it is neither possible or permitted that a member of the group of people that form the juridical person to be responsible with his own patrimony for the obligations assumed by that juridical person nor that the juridical person to be responsible, with its patrimony, for the obligations assumed by one of the natural persons that form it. In order to

participate on one's own account and responsibility to the civil circuit, to the juridical life, in general, the collective entity that wants to be a juridical person should have its own patrimony which includes all its money estimated economic goods, rights, and obligations.

Accordingly, article 36 of the Companies Law no. 31/1990 stipulates the following: "*during the existence of a company, the creditors" of one of the associates "may exercise their rights only upon that part of the benefits that are due to the associate after the social balance sheet and after the company's dissolving, upon the part due after liquidation";* they cannot pretend, in order to put an end to the debt security, goods or rights belonging to the company, but only goods or rights belonging to their own debtor, either as a result of dividing yearly net benefits or as a result of dividing the net assets that result after the company's liquidation.

A patrimony can either be theoretically or practically outlined as accountancy's object provided the patrimony unit is legally founded and the economic values that belong to patrimony are invested, namely they are really used by a lucrative economic activity that determines profit (work=benefit) or by other activities having a non-lucrative character (which does not determine incomes) – administrative activities, social and cultural activities, etc. The knowledge of patrimony's structure is theoretically and practically important for accountancy; accordingly:

- Each element of patrimony divides owing to its content and certain characteristics, a fact that determines the use, under specific circumstances, of the procedures belonging to accountancy method;
- The division of patrimony mass into the two categories of structures (Assets and Liabilities) determines a certain internal structure of the balance sheet so that it can allow the modeling of patrimony's condition according to its double representation.

Within the balance sheet, patrimony elements are grouped and synthesized from the point of view of their value both according to Assets and Liabilities on the basis of specific criteria, as follows:

- Within the Assets of the balance sheet, assets patrimony elements are synthesized in a group depending on two criteria: destination of economic goods and their degree of liquidity.

Accordingly, the assets include: **fixed assets** (intangible assets, tangible assets, financial assets); **working assets** (stocks and under manufacturing products, debts, placements, cash assets); **regulation and assimilated assets; premiums regarding obligations repayment.**

- Within the Liabilities of the balance sheet liabilities elements are grouped according to two criteria: the nature of rights and obligations and the degree of debts' chargeability (term of payment).

Consequently, liabilities include: the entity's **own capitals** (individual capital, capital reserves, profit, and other sorts of capital); **risks and expenditures provisions; debts** (long term bank credits, short term bank credits, suppliers, various creditors, other debts); **regulation and assimilated liabilities.**

The value expression of each patrimony element registered in the assets and liabilities of the balance sheet is equal with the final balance of the corresponding account of the checking balance. Such final balances are usually registered in the balance sheet grouped according to elements and economic content. Such a grouping within the balance sheet of the elements of patrimony assets and liabilities is called balance sheet position.

Within assets, costs are registered according to the reverse order of assets liquidity; it means that the Assets of the balance sheet contain the least liquid elements such as: intangible assets and tangible assets; the last being the cash assets also called liquidities.

Within liabilities the succession of the positions is done according to the reverse order of their chargeability; it means that the Liabilities of the balance sheet first include the entity's own capitals as they have the longest chargeability term; then follow long and short term debts, current obligations, etc.

Subsequently, one may state that assets express the nature, destination, and the degree of liquidity of economic goods an economic unit detains, and liabilities outline the nature of the rights and obligations, the manner they form and their chargeability.

Starting from the two elements of liabilities, rights and obligations, accountancy calculates and outlines the net condition of net patrimony according to the following relation:

Patrimony's net condition =Patrimony's assets – Patrimony's liabilities

Whatever increase or decrease of net patrimony is the effect of the profit or loss determined by the transactions that have been carried out and which change the owned propriety.

In order to describe and register such operations of increase or decrease of patrimony's net condition, accountancy employs the terms of incomes and expenditures.

Expenditures + (-) Result = Incomes

Incomes as a money expression represent the operations that determine wealth; expenditures represent the operations that regard the use of wealth.

The comparison of incomes and expenditures determines the profit or the loss, namely, profit in case incomes are higher than expenditures and loss when the reverse happens.

The use of money standard is strictly connected with the carrying out of accountancy's object, namely: money evaluation of patrimony elements supports their *value homogenization* which is the essential condition of their accounting registering.

The notion of patrimony evaluation does not overlap that of company evaluation; the last one is a complex work carried out by a team of evaluators according to certain specific techniques and procedures owing to which global patrimony as well as each of its elements are up-dated from the point of view of their value in accordance with the market.

The accounting data resulting after registering the existence and movement of patrimony elements periodically undergo checking, control, and analysis operations; the following main objectives are in view:

- Getting the certitude of the exactness of accounting data – one of the essential demands able to render the proper condition of patrimony owing to the balance sheet;
- Knowing, owing to control, the degree of material integrity and of efficient use of material and money means;
- Drawing out the economic and financial analysis of all patrimony components that determines conclusions and decisions according to which future activity is going to be based upon.

One can state that, owing to its object, accountancy defines itself as a scientific field specialized in the knowledge and display of patrimony's net condition and its results (profit or loss).

3. Conclusions

The category of patrimony regarded from an economic perspective, on the one hand, and from a juridical perspective, on the other one, cannot be abandoned owing to its characteristic of being a general structure able to match all the elements of financial reports. It allows a definite outlining of the concepts of Propriety and Capital, Means and Resources, economic patrimony, and juridical patrimony. Nevertheless, patrimony should be defined from an economic point of view through a unit's resources, on the one hand, and through the use of controlled resources, on the other hand.

The two conceptions, patrimony conception and financial condition conception, can co-exist and can complete each other. Patrimony may preserve its feature of being the dominant criterion of structuring financial condition (balance sheet) due to reasons connected with tradition while the functioning of the principle of double entry**,** according to the concept of patrimony, has a pedagogical connotation.

The Anglo-Saxon conception where the elements that form the balance sheet are the assets, the debts, and the entity's own capitals, can co-exist and complete the concept of patrimony due to the fact that the assets, the entity's own capitals, and debts (the last ones as source of assets) are the components of patrimony regarded from an economic and juridical perspective, and the applicability field of accountancy is patrimony.

With these in view, the process of accountancy normalizing is continual, laborious, and iterative: recently elaborated norms are expected to be changed soon, etc. As a result, the assimilation of the accounting referential (IASB) within the theory and especially within Romanian legislation and practice should be accurately, prudently, and critically done, resorting to creativity and innovative boldness and adapting it to the Romanian economic and social environment, to the national cultural and historical context and traditions.

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